

TEKsystems' Annual IT Forecast

2015

Executive Summary

More than 500 IT leaders (CIOs, IT VPs, IT directors and IT hiring managers) were polled on the current state of IT spending, skills needs and workforce issues as well as expectations for 2015.





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Budgets and Spending

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Areas of Impact

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Introduction





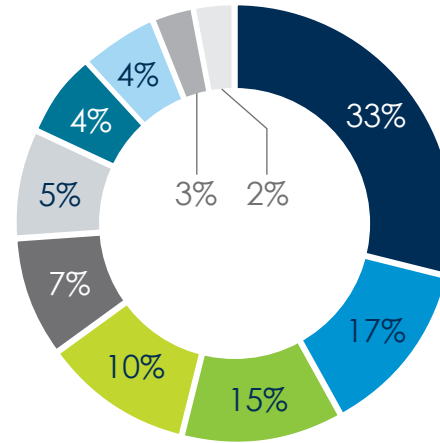
Introduction

IT leaders have lower expectations for budget increases for the coming year, yet confidence in the IT department's ability to meet business demands continues to grow. This conviction may partly be attributed to the consistency seen in the IT leaders' views on the biggest impact areas to the business—security, business intelligence (BI) and Big Data, mobility, and cloud. There is also significant alignment in numerous categories, including the areas in which organizations expect to spend their budget, the most challenging IT roles to fill, the areas in which IT leaders are expecting salary increases and the IT roles that are most critical to success in 2015. While budget growth expectations for 2015 are lower than 2014's, IT leaders are still very optimistic about the coming year.

Survey Methodology and Respondent Profile

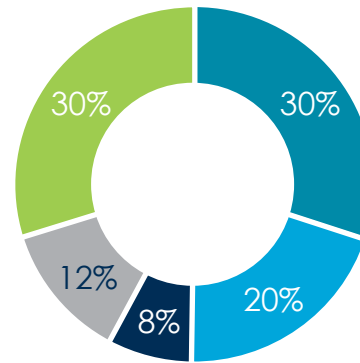
In Oct. 2014, TEKsystems conducted an online survey of more than 500 IT leaders in the U.S. and Canada. The IT leaders included CIOs, IT vice presidents, IT directors and IT hiring managers. The IT decision-makers spanned a wide cross-section of industries, including information technology, financial services, healthcare, manufacturing, government and professional services, among others. Respondents also represented a wide range of company sizes, from less than \$50 million to more than \$1 billion in revenue.

INDUSTRIES



- IT
- Healthcare
- Financial Services
- Telecommunications
- Energy
- Manufacturing
- Retail
- Professional Services
- Government and Education
- Transportation and Construction

COMPANY SIZE BY TOTAL REVENUE



- Under \$50 million
- \$50 million to \$249 million
- \$250 million to \$499 million
- \$500 million to \$1 billion
- More than \$1 billion





Introduction

Budgets and Spending

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Budgets and Spending

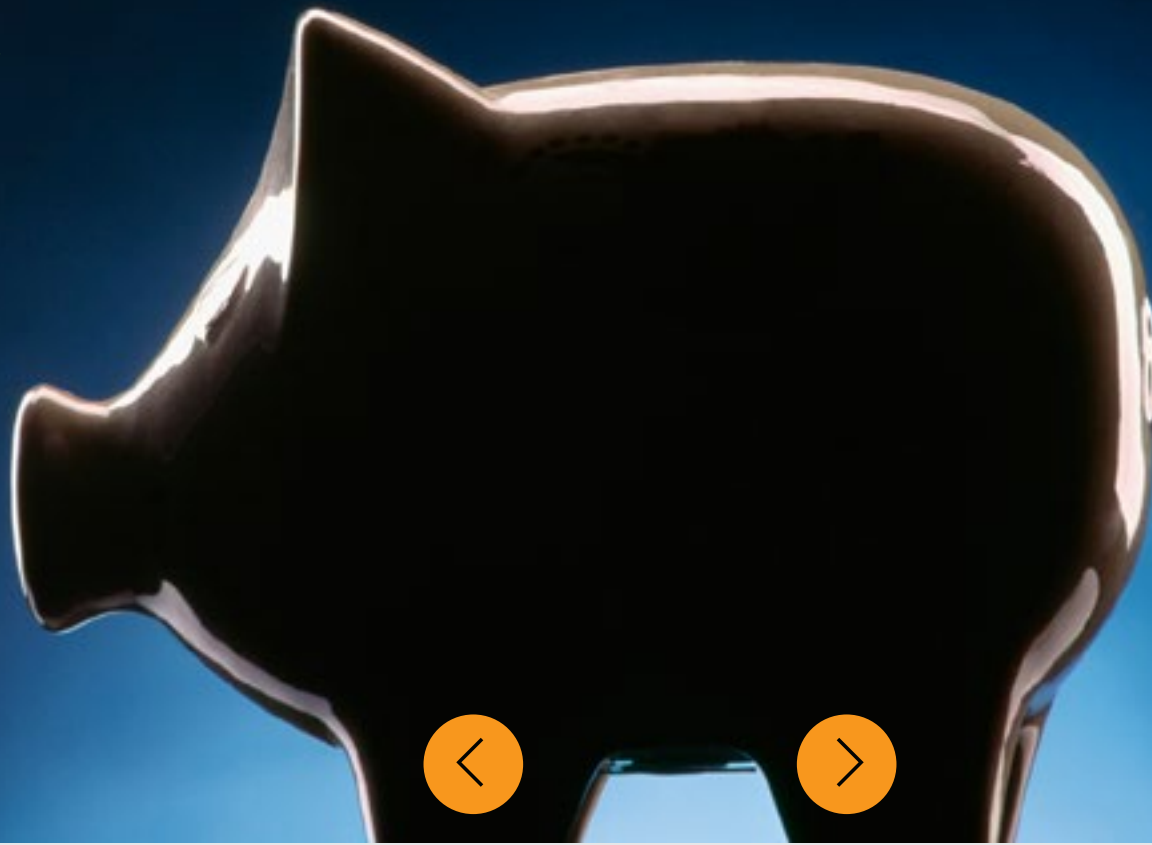
SUMMARY OBSERVATIONS

- Expectations for budget increases drop
- Confidence in ability to meet business demands continues to rise

Budgets >

Confidence >

Spending >





Budgets and Spending

BUDGET

Expectations for 2015

While it appears IT leaders are optimistic for 2015, the percent who expect budget increases returned to levels last seen entering 2013. Forty-five percent expect budgets to increase and 39 percent anticipate they will stay the same. As compared to 2014, fewer IT leaders expect budget increases, which may be the result of departments outside of IT purchasing technology and driving technology usage within the organization.

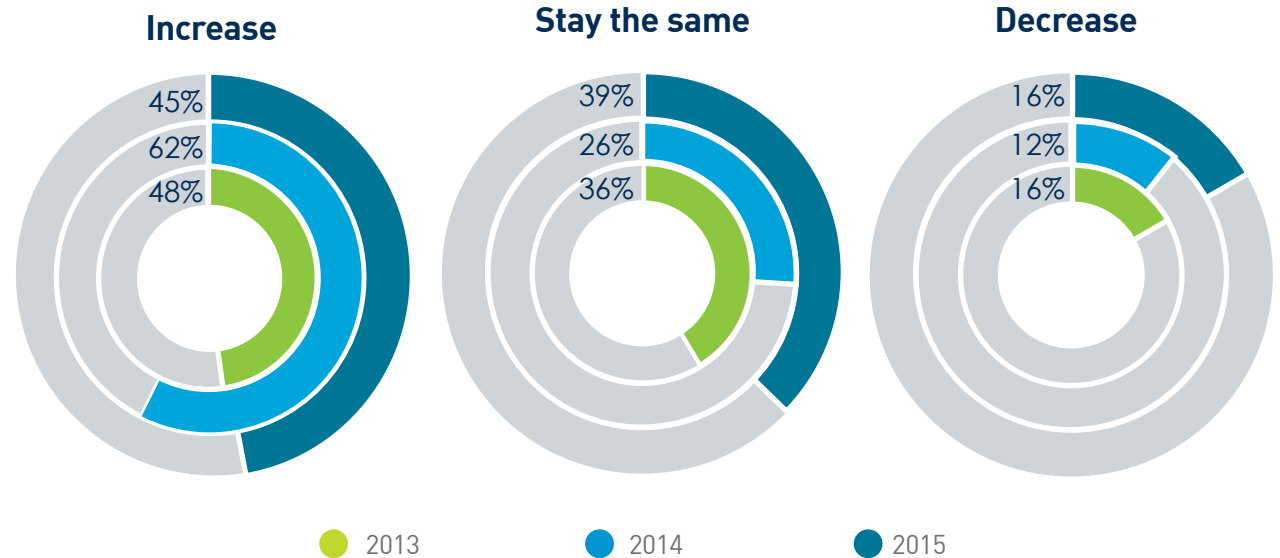
Year-over-Year Trend

The 45 percent of IT leaders who expect budget increases is the lowest percentage reported in three years and marks a 17 percent decline from the 2014 forecast, when 62 percent of IT leaders expected growth in their IT budgets. Meanwhile, the percent of IT leaders who expect budgets to stay the same increased from 26 percent to 39 percent, a 13 percent gain. Overall, IT budgets are healthy, with 84 percent of IT leaders expecting increases or maintaining the status quo.



Do you expect your organization's 2015 IT budget to increase, decrease or stay the same compared to 2014?

Budget Expectations





Budgets and Spending

CONFIDENCE

Expectations for 2015

Despite fewer IT leaders expecting budget increases, 71 percent are counter-intuitively confident in their ability to satisfy business demands in 2015. This may be a result of stronger IT and business relationships, increased clarity of expectations between business and IT, and improved alignment between the projects and technologies that IT is in charge of and which projects and technologies they support.

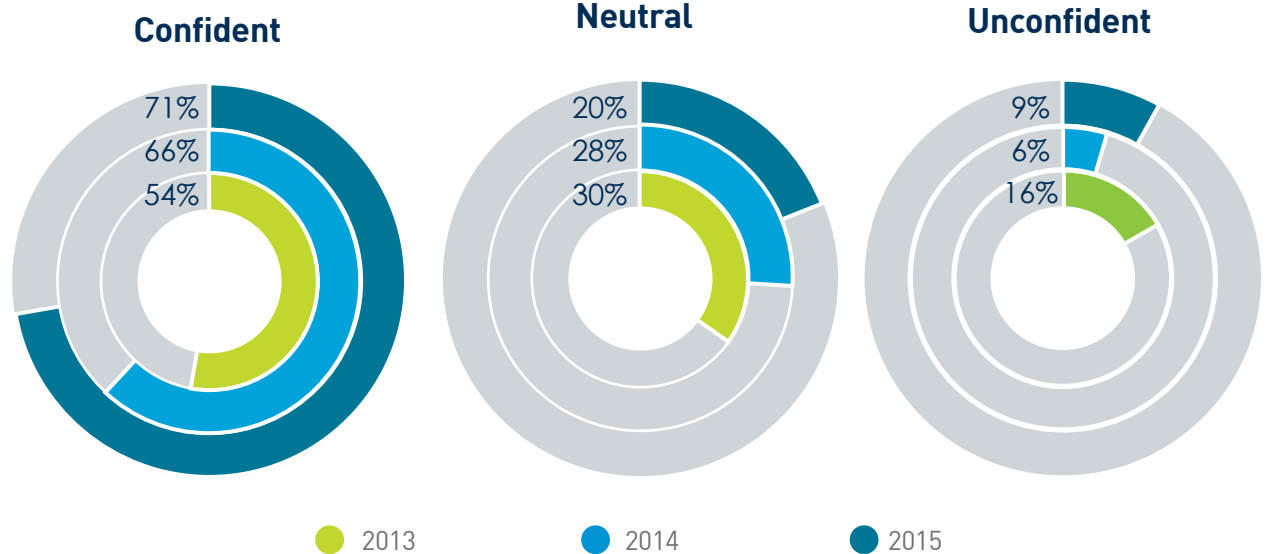
Year-over-Year Trend

IT leaders' confidence continues to trend upwards. The number of IT leaders expressing overall confidence increased year over year, from 54 percent entering 2013 to 66 percent going into 2014 and now up to 71 percent for the 2015 forecast. While leaders who are unconfident increased slightly from 6 percent to 9 percent, the high level of overall confidence is a positive sign for IT.



How confident are you in your IT department's ability to satisfy business demands in 2015?

Confidence Index





Budgets and Spending

SPENDING

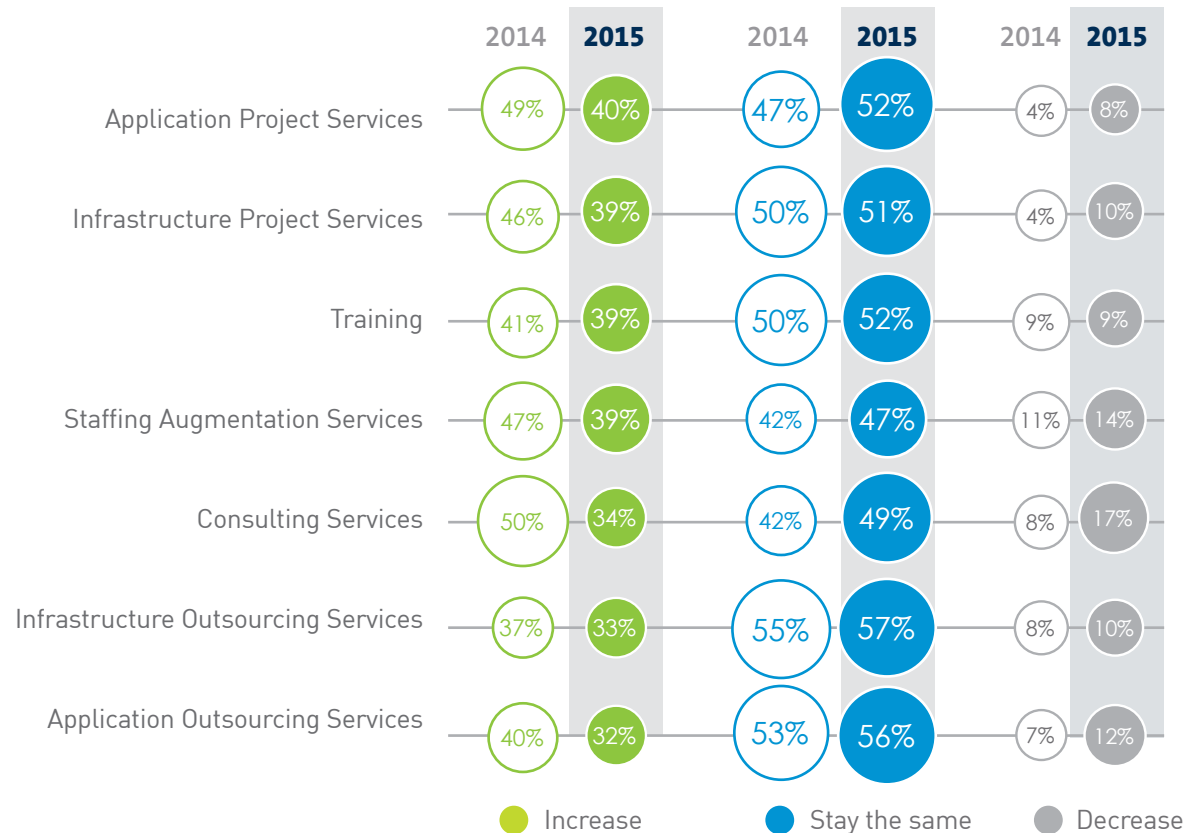
Expectations for 2015

About 2 in 5 IT leaders expect to increase spending in application and infrastructure project services, training and staff augmentation services, and approximately one-third of IT leaders expect to increase spending on consulting services and infrastructure and applications outsourcing. As more IT leaders expect increases in training and staff augmentation spending than consulting, this indicates organizations may plan to address projects by upskilling their current staff and augmenting with temporary talent.

Year-over-Year Trend

The percent of IT leaders who anticipate spending to increase marks a significant drop-off. However, a closer look reveals a certain degree of stability. The percent of IT leaders expecting to increase or maintain previous spending levels in 2015 are within a few percentage points in almost every category of the 2014 predictions. The expectation for consulting services is the exception; 83 percent anticipate to increase or maintain spending in 2015 compared to 92 percent in 2014.

Q: How do you expect spending to change for the following?





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Salaries and Skills

SUMMARY OBSERVATIONS

- Programmers and developers remain the hardest to fill
- Key operational IT skills can expect salary increases
- BI and Big Data, cloud, and mobile skills at “next level” of hiring difficulty following key operational IT skills

Critical Skills >

Talent Supply >





Salaries and Skills

CRITICAL SKILLS

Expectations for 2015

In 2014's forecast, IT leaders selected the "doers" rather than the "leaders" of IT as the most critical roles to achieve organizational success. This year, IT leaders now appreciate the roles that straddle the line between the doers and the C-suite; managers made a jump from the No. 9 spot to No. 1 and IT VPs and directors rose three places to the No. 4 spot.

Project managers remain No. 2 while programmers/developers slipped from No. 1 to No. 3. These changes might reflect the increasing priority organizations place on aligning IT functions with business needs, as managers and other leaders play a key role in facilitating communication between technical teams and stakeholders outside of the IT department.

Q: Which IT roles are the absolute most critical for enabling your organization to achieve success in 2015?

2014 Rank

| | |
|----|--------------------------------------|
| 1 | Programmers and Developers – 46% |
| 2 | Project Managers – 41% |
| 3 | Help Desk / Technical Support – 38% |
| 4 | Software Engineers – 33% |
| 5 | Architects – 31% |
| 6 | Executive (C-suite) Leaders – 31% |
| 7 | VPs and Director-level Leaders – 23% |
| 8 | Business Analysts – 23% |
| 9 | IT Managers – 21% |
| 10 | Account Managers – 7% |

2015 Rank

| | |
|----|--------------------------------------|
| 1 | IT Managers – 48% |
| 2 | Project Managers – 45% |
| 3 | Programmers and Developers – 43% |
| 4 | VPs and Director-level Leaders – 35% |
| 5 | Help Desk / Technical Support – 29% |
| 6 | Software Engineers – 27% |
| 7 | Business Analysts – 24% |
| 8 | Executive (C-suite) Leaders – 24% |
| 9 | Architects – 17% |
| 10 | Account Managers – 9% |

Leaders

Doers





Salaries and Skills

TALENT SUPPLY

Expectations for 2015

Over the past two years, IT leaders have been consistent in their identification of the most difficult positions to fill. For the past three years, programmers and developers maintained the top spot. Software engineers gained one spot in each of the past two years and are now listed as the second-hardest role to fill. From 2014 to 2015, architects slid down the list one spot to No. 3, while project managers and security positions each gained one spot to finish fourth and fifth, respectively.

Year-over-Year Trend

IT is focusing its efforts on core projects which require these difficult-to-fill roles. The ranking of the top five most difficult-to-fill positions is largely unchanged between 2014 and 2015. While BI, Big Data, cloud and mobile positions have not been ranked as high up on the list, leaders still identify these positions as high-impact and expect spending to increase on each in 2015. Organizations may rely more on outsourcing or staff augmentation for these particular skills.

Q: How difficult is it currently to find exceptional talent for the following types of IT-related positions?

| Rank | 2013 | 2014 | 2015 |
|------|-------------------------------|-------------------------------|-------------------------------|
| 1 | Programmers and Developers | Programmers and Developers | Programmers and Developers |
| 2 | Architects | Architects | Software Engineers |
| 3 | Business Intelligence (T3) | Software Engineers | Architects |
| 4 | Big Data Analytics (T3) | Business Analysts | Project Managers |
| 5 | Software Engineers | Project Managers | Security |
| 6 | Cloud | Security | Business Analysts |
| 7 | Security | Business Intelligence | Business Intelligence |
| 8 | Project Managers | Help Desk / Technical Support | Big Data Analytics |
| 9 | Business Analysts | Cloud | Help Desk / Technical Support |
| 10 | Mobile | Big Data Analytics | Cloud |
| 11 | Help Desk / Technical Support | Mobile | Mobile |
| 12 | Social Technology Experts | Social Technology Experts | Social Technology Experts |





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Areas of Impact

SUMMARY OBSERVATIONS

- Operational efficiency replaces revenue growth as top challenge
- “Bridge leader” positions on the rise
- IT priorities consistent year over year; majority still expect investment in security, BI / Big Data, mobility and cloud

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Areas of Impact

SUPPORT REQUIREMENTS

Expectations for 2015

The one constant in technology is the state of change. In 2015, IT leaders' top priority is to improve the IT applications and infrastructure they implemented the previous year. Last year's top objective of implementing new applications and infrastructure fell several spots, which could be the catalyst for fewer leaders to expect increases in IT budgets and spending in 2015 compared to last year. The business will also rely heavily on IT to improve overall efficiency and drive revenue growth.

Q: Which of the following business objectives will IT most need to support in 2015?

| Rank | 2014 | 2015 | Rank |
|------|---|---|------|
| 1 | Implementing new IT applications and infrastructure | Improving existing IT applications and infrastructure | 1 |
| 2 | Improving business processes | Improving efficiency | 2 |
| 3 | Improving existing IT applications and infrastructure | Increasing growth (revenue, profits) | 3 |
| 4 | Delivering operational results | Reducing costs | 4 |
| 5 | Attracting and retaining new customers | Delivering operational results | 5 |
| 6 | Creating new products and services (i.e., innovation) | Implementing new IT applications and infrastructure | 6 |
| 7 | Improving efficiency | Improving business processes | 7 |
| 8 | Reducing costs | Creating new products and services (i.e., innovation) | 8 |
| 9 | Attracting, developing and retaining talent | Attracting and retaining new customers | 9 |
| 10 | Increasing growth (revenue, profits) | Attracting, developing and retaining talent | 10 |





Areas of Impact

IMPACT AREAS

Expectations for 2015

The consistency in identification of impact areas over the last three years explains why confidence continues to increase even as overall growth in expected budget increases declines. For the past three years, IT leaders have listed security, BI / Big Data, mobility and cloud computing (the “core four”) within the top five impact areas. Enterprise resource planning (ERP) regained its placement within the top five after being displaced by virtualization in 2014.

Year-over-Year Trend

The large percentage of IT leaders who expect to receive increases in budgets in 2015 for these same “core four” areas of impact highlight a strong internal alignment on the priority and scope of upcoming IT initiatives. This consistency reflects the steady demands on IT to focus on keeping assets secure, leveraging analytics to influence business decisions and making the right information conveniently accessible to end users.

Q: Which of the following trends or technologies will have the biggest impact on your organization in 2015?

| | 2013 Rank | 2014 Rank | 2015 Rank |
|--|-----------|-----------|-----------|
| Security | 3 | 2 | 1 |
| Business Intelligence / Big Data Analytics | 1 | 1 | 2 |
| Mobility | 4 | 3 | 3 |
| Enterprise Resource Planning | 5 | 7 | 4 |
| Cloud Computing | 2 | 4 | 5 |
| Data Center Consolidation | 6 | 6 | 6 |
| Virtualization / Software-defined Networks | 7 | 5 | 7 |
| Internet of Things | * | * | 8 |
| Consumerization of IT / BYOD | 8 | 8 | 9 |
| DevOps | * | * | 10 |
| Social Technologies | 9 | 10 | 11 |
| VoIP / Unified Communications | * | 9 | 12 |
| Open Source | * | 11 | 13 |

● Held top five position

* Not included in previous forecast





Areas of Impact

SPENDING CHANGE BY AREA

Expectations for 2015

The areas where most IT leaders expect to increase spending in 2015 align closely with the areas they expect to have the biggest impact on their organizations in 2015. The largest percentage of IT leaders expect to receive increases in budgets for the “core four” areas (security, BI / Big Data, mobility and cloud computing). This continues to show strong internal alignment on the priority and scope of upcoming IT initiatives. Security easily outpaces spend expectations for all other areas, with nearly two-thirds of IT leaders predicting an increase in spending. While fewer IT leaders expect to increase spending in some areas, overall investment in IT remains strong.

Q: How do you expect spending to change in the following areas in 2015 versus 2014?

PERCENT OF IT LEADERS EXPECTING INCREASES

| | 2014 | 2015 |
|----------------------------------|------|-------------|
| Security | +59% | +65% |
| Mobility | +62% | +54% |
| Cloud | +59% | +53% |
| Business Intelligence / Big Data | +51% | +49% |
| Storage | +57% | +46% |
| Legacy Modernization | +45% | +36% |
| ERP Applications | +34% | +29% |
| Social Technologies | +37% | +28% |
| CRM | +39% | +26% |

Security:

One thing is clear: the need for information security isn't going away. These challenges continue to grow in size and scope.

Mobility:

Mobile device usage continues to surge compared to traditional desktops and laptops. Organizations must optimize platforms and applications for use on mobile devices, for both internal and external end users.

Cloud:

Organizations will continue to spend in this area as they look for cost savings. They will also provide greater access to data through flexible and scalable models.

Business Intelligence / Big Data:

Information is the new currency. Organizations that can turn the mountains of data they produce into actionable information hold a key competitive advantage.

Storage:

Organizations continue to produce data at mind-boggling rates, and the need to efficiently and securely store this data is critical.





Areas of Impact

CHALLENGES

Expectations for 2015

The top challenge for organizations in 2015 will revolve around operations. While revenue, the top challenge going into 2014, remains a concern, its impact has declined due to the apparent economic progress. Operational concerns, however, have increased. Seventy-three percent of IT leaders indicate that operational challenges such as reducing costs, improving efficiency, consolidating, standardizing and streamlining present the biggest roadblock to meeting goals and objectives.

Q: What will provide the biggest challenge to your organization meeting its goals and objectives in 2015?





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Workforce Expectations

SUMMARY OBSERVATIONS

- Salaries and hiring will continue to rise, but at slower growth rates
- Makeup of IT staff to remain consistent

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Workforce Expectations

SALARY CHANGE

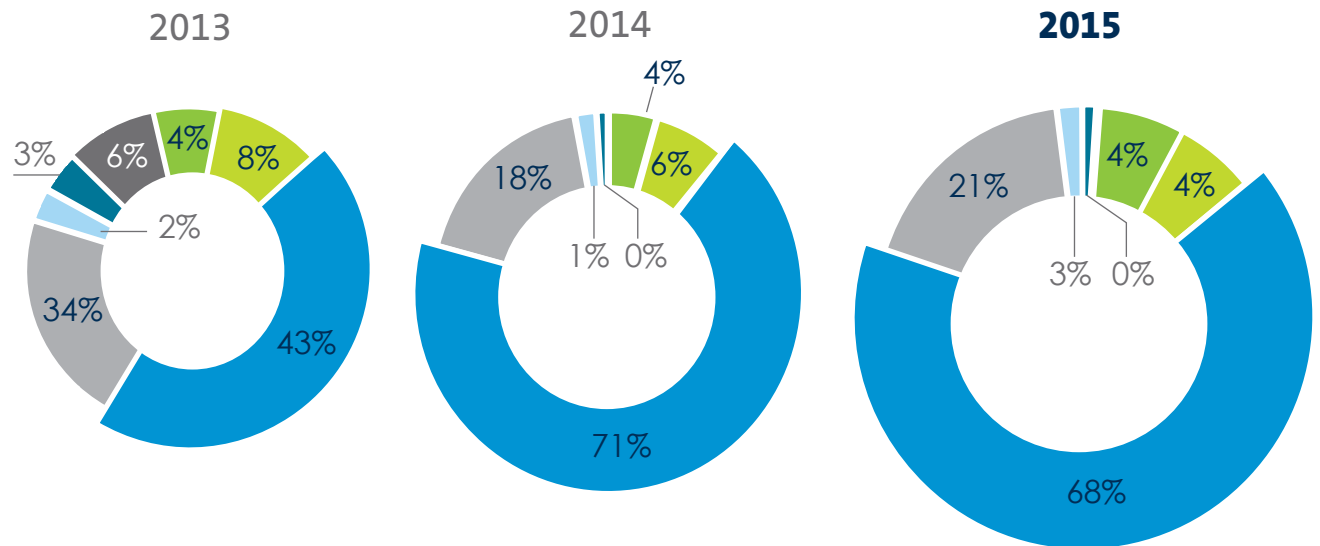
Q: How do you expect your overall IT staff's salaries to change in 2015 versus 2014?

Expectations for 2015

Salary increases are most likely to be average, as 68 percent of IT leaders expect overall staff salaries to increase by up to 5 percent, while only 8 percent expect increases of 6 percent or more and 21 percent of respondents expect salaries to remain the same. Organizations continue to struggle with attracting top IT talent and while salary is not always a top priority for IT workers, it is no surprise that the vast majority plan to increase salaries for their IT staff.

Year-over-Year Trend

Compared to last year's forecast, the percentage of IT leaders who expect increases to their staff's salaries decreased slightly. In the 2014 forecast, 81 percent of IT leaders expected salaries to increase, versus 76 percent in 2015.



- Increase by 10% or more
- Increase by 6-9%
- Increase by up to 5%
- Stay the same
- Decrease by up to 5%
- Decrease by 6% or more
- Don't know (only asked in 2013)





Workforce Expectations

SALARY CHANGE BY SKILL

Expectations for 2015

Fifty-four percent of IT leaders expect salary increases for programmers/developers and security professionals, followed by software engineers (51 percent), project managers (49 percent) and architects (48 percent). Aside from security, the other “core four” skill sets (security, BI / Big Data, mobility and cloud computing) fell lower down the list, though a significant percentage of IT leaders still expect salary increases for these areas. Entering 2015, 49 percent expect salary increases for BI and Big Data experts, followed by mobile (44 percent) and cloud (42 percent).

Year-over-Year Trend

While most IT leaders expect staff salaries to increase, the raises may be less generous this year. The skill sets where the most IT leaders expect to increase salaries produce a very similar ranking to the most impactful areas for 2015 (page 13), as well as the positions organizations believe to be the most difficult to fill (page 10). Looking at the top five most difficult to fill positions as a group, 51 percent of IT leaders expect to pay increased salaries in these areas, slowing from an average of 67 percent in 2014.



How do you expect your IT staff's salaries to change in 2015 versus 2014 for the following skill sets and technologies?

| Percent of IT Leaders Expecting Increases | 2013 | 2014 | 2015 |
|---|------|------|------|
| Security* | 40% | 65% | 54% |
| Programmers and Developers* | 47% | 69% | 54% |
| Software Engineers* | 41% | 67% | 51% |
| Project Managers* | 41% | 67% | 49% |
| Business Intelligence / Big Data | 37% | 60% | 49% |
| Architects* | 38% | 65% | 48% |
| Business Analysts | 38% | 63% | 45% |
| Mobile | 34% | 62% | 44% |
| Cloud | 35% | 58% | 42% |
| Help Desk / Technical Support | 34% | 56% | 35% |
| Social Technology Experts | 27% | 50% | 32% |

*Top five most difficult to fill position in 2015





Workforce Expectations

HIRING MODELS

Expectations for 2015

Entering 2015, 90 percent of IT leaders expect both full-time hiring and hiring of contingent workers to increase or stay the same. For the past two years, though each group continues to rise, the balance of workers remains consistent with approximately three to four full-time IT staffers for every one contingent IT worker.

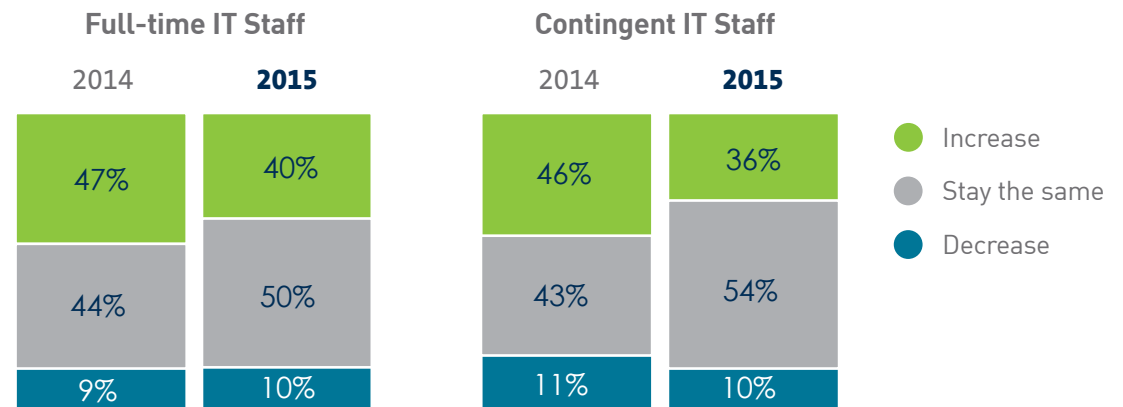
Year-over-Year Trend

Hiring expectations are slightly less aggressive than they were in 2014, but growing and keeping teams the same is still a priority for IT leaders. Entering 2014, 47 percent of IT leaders expected full-time IT staff hiring to increase, compared to 40 percent entering 2015. For 2014, 46 percent expected contingent hiring to increase, compared to 36 percent entering 2015. Nine out of 10 IT leaders anticipate increasing hiring or staying the same for both full-time IT staff and contingent IT workers in 2015, compared to 91 percent and 89 percent, respectively, in 2014.

Q: What is the approximate makeup of your current IT department?



Q: How much do you expect hiring to change for the following in 2015 versus 2014?



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About TEKsystems

People are at the heart of every successful business initiative. At TEKsystems, we understand people. Every year we deploy over 80,000 IT professionals at 6,000 client sites across North America, Europe and Asia. Our deep insights into IT talent management enable us to help our clients achieve their business goals—while optimizing their IT workforce strategies. We provide IT staffing solutions, IT talent management expertise and IT services to help our clients plan, build and run their critical business initiatives. Through our range of quality-focused delivery models, we meet our clients where they are, and take them where they want to go, the way they want to get there.

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